

Message Text

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20

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSCE-00 INRE-00 USIE-00 EA-07

SSO-00 /056 W

----- 046554

O R 291110Z SEP 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 6010

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY MANILA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L LONDON 15483

DEPARTMENT PASS FRB

TREASURY FOR DONALD SYVRUD, OASIA

MANILA FOR USDEL TO BANK/FUND MEETING

E.O. 11652: GDS

TAGS: EFIN, UK

SUBJECT: FURTHER BACKGROUND TO UK APPLICATION TO IMF

REF: LONDON 15479

1. SENIOR HMTREASURY OFFICIAL TOLD FINANCIAL ATTACHE
THAT NO ADDITIONAL ANNOUNCEMENTS ABOUT IMF APPLICATION OR
ANYTHING RELATING THERETO ARE EXPECTED TODAY. NO DECIS-
IONS ON ANY FURTHER MEASURES HAVE BEEN TAKEN. SOURCE
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SAID THAT IMPORT CONTROLS OR RESTRICTIONS HAD BEEN RULED

OUT; THEY WOULD NOT BE CONSISTENT OR COMPATIBLE WITH AN APPROACH TO THE IMF. OTHER OPTIONS THAT FALL SHORT OF SUCH EXTREME MEASURES ARE BEING CONSIDERED BUT AS YET NO DECISIONS HAVE BEEN REACHED. FOR EXAMPLE, IT WOULD BE OBVIOUS TO LOOK AT THE MONETARY SIDE OF THE SITUATION WHERE FURTHER TIGHTENING WOULD BE CONSISTENT WITH AN APPROACH TO THE FUND.

2. FINANCIAL ATTACHE QUERIED SOURCE ABOUT FRONT-PAGE LONDON TIMES REPORT THIS MORNING BY PETER JAY THAT "A 10 OR EVEN 11-FIGURE LOAN FROM SYMPATHETIC GOVERNMENTS TO RUN FOR A PERIOD OF YEARS BEGAN TO EMERGE LAST NIGHT AS THE MINISTERS' PREFERRED REMEDY FOR THE PLIGHT OF THE POUND." SOURCE WHO WAS INVOLVED AT LAST NIGHT'S SESSIONS AT TREASURY SAID THIS IDEA IS JAY'S OWN AND IS PURE SPECULATION.

3. CHANCELLOR HEALEY HAS NOT YET DECIDED WHETHER OR WHEN TO GO TO HONG KONG. HE WILL NOT BE LEAVING LONDON TODAY, IS WAITING TO MAKE A JUDGMENT ON WHERE HIS PHYSICAL PRESENCE MIGHT BE MOST USEFUL.

ARMSTRONG

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Message Attributes

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Margaret P. Grafeld
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04 MAY 2006

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